

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SOUTHERN CALIFORNIA GAS COMPANY for Authority to Transfer Cushion Gas in its Aliso Canyon And La Goleta Storage Fields to Alleviate the Impact of High Gas Prices on CARE Customers.
(U 904 G).

Application 05-10-012
(Filed October 11, 2005)

**CHIEF ADMINISTRATIVE LAW JUDGE'S RULING
REGARDING REQUEST TO SHORTEN TIME AND
NOTICE OF PREHEARING CONFERENCE**

Summary

On October 11, 2005, Southern California Gas Company (SoCalGas) filed the above-captioned application requesting, among other things, authorization to reclassify 4 billion cubic feet (Bcf) of cushion gas from two of its gas storage fields, to working gas, and that the gas in kind be provided to its ratepayers in the California Alternate Rates for Energy (CARE) program at the book cost of about \$1.5 million. SoCalGas asserts that such authorization will help reduce the impact of expected high winter gas prices on low-income customers.

SoCalGas requests in its application that the Commission shorten the time for the filing of protests and replies, that no evidentiary hearings be held, and that the Commission adopt a decision at its Friday, November 18, 2005 meeting. SoCalGas requests the expedited schedule so that the benefits of this project can help offset the expected high winter gas costs that low-income customers will likely face.

Today's ruling grants SoCalGas' request to shorten the protest and reply period, and notices a prehearing conference for Wednesday, November 2, 2005, at 10:00 a.m. Depending on the protests and the results of the prehearing conference, a draft decision may be prepared for the Commission's consideration at the November 18, 2005 meeting.

Background

SoCalGas' application seeks Commission authorization to reclassify 4 Bcf of its cushion gas in two of its gas storage fields to working gas. The 4 Bcf of gas in kind would then be provided to SoCalGas' CARE customers at its book cost of about \$1.5 million. Transferring the gas to CARE customers at this low book cost will reduce the cost of gas to CARE ratepayers for the upcoming winter 2005-2006 season.

The reclassification of this gas would occur as a result of SoCalGas' reworking of its existing wells at its Aliso Canyon and La Goleta storage fields. After the 4 Bcf of cushion gas is reclassified and withdrawn, the withdrawal capacities at each of the two fields at zero working gas inventory will be the same as before. In addition, as a result of the project and the withdrawal of the reclassified gas, the storage inventory capacity at Aliso Canyon will be increased by approximately 3 Bcf and at La Goleta by approximately 1 Bcf. SoCalGas requests that the ratemaking treatment of any revenues from this additional storage capacity be deferred to another proceeding.

The cost of the reworking of the wells is estimated at \$14 million to \$19 million. Assuming a market price of gas of about \$12.50/mcf over the course of the 2005-2006 winter, and SoCalGas' estimated project cost of \$14 million, the project would result in rates to CARE customers over the winter of approximately \$48 million less than they otherwise would be.

SoCalGas requests that the cost of the project be placed into rate base, and that the cost be recovered through depreciation over the useful life of the asset while earning its authorized rate of return on the remaining undepreciated investment. SoCalGas contends that this approach will result in a greater reduction in rates during the 2005-2006 winter than if the full cost of the project were recovered by SoCalGas immediately.

According to the application, and the declaration attached to the application, the proposed project is likely to be exempt from the California Environmental Quality Act (CEQA). SoCalGas intends to apply to the California Division of Oil, Gas, and Geothermal Resources for permits to rework the wells in the two storage fields. According to SoCalGas, well reworks are exempt from CEQA. SoCalGas requests that the Commission find that the application is exempt from CEQA.

SoCalGas notes that the relief sought in this application is similar to the well work and reclassification of cushion gas that SoCalGas requested in 2001 in Application (A.) 01-04-007. A.01-04-007 was approved by the Commission in Decision (D.) 01-06-086 and D.02-11-028.

Request to Shorten Schedule

SoCalGas requests that a ruling be issued to shorten the time for resolving this application. Specifically, SoCalGas requests that protests to the application be filed on October 21, 2005, that the reply to the protests be filed on October 26, 2005, and that a proposed decision be issued on November 4, 2005. SoCalGas also requests that comments on the proposed decision be filed on November 10, 2005, that reply comments be filed on November 15, 2005, and that the Commission adopt a decision at its November 18, 2005 meeting.

With the upcoming 2005-2006 winter season, and the beneficial impact that this project could have on lowering the natural gas costs of low-income ratepayers of SoCalGas, there is a need to move quickly on the request to shorten the protest and reply period. Accordingly, SoCalGas' request to shorten the protest and reply period is granted as follows. Anyone who wants to file a protest or response to SoCalGas' application shall file the pleading with the Docket Office on or before October 27, 2005, and any replies to the protests or responses to the application shall be filed on or before November 1, 2005. As provided for in Rules 2.3. and 2.3.1. of the Commission's Rules of Practice and Procedure, anyone filing such pleadings shall electronically serve the service lists in A.01-04-007, A.02-12-027, A.04-01-034 and A.03-06-040, and deliver a paper copy of the pleading to the assigned administrative law judge.

Notice of Prehearing Conference

Due to the policy and ratemaking issues raised by SoCalGas' application, the shortened time for protests and replies, and the need to timely resolve the issues if this project is to benefit CARE ratepayers for the 2005-2006 winter season, a prehearing conference will be held on Wednesday, November 2, 2005, at 10:00 a.m., at the State Office Building, 505 Van Ness Avenue, San Francisco, California. The issues to be discussed at the prehearing conference are the issues that might be raised in any protests or responses, the possible need for evidentiary hearings, and the procedural schedule for resolving the application.

A new service list for this application will be created at the prehearing conference.

At or following the prehearing conference, a determination on whether or not to prepare a draft decision regarding the application for the November 18, 2005 meeting will be made. If there are any issues raised in the protests which

cannot be resolved at the prehearing conference, there may be a need to hold evidentiary hearings which could delay the drafting of a draft or proposed decision.

Therefore, **IT IS RULED** that:

1. The request contained in the October 11, 2005 application of Southern California Gas Company (SoCalGas) to shorten the protest and reply period to the application is granted as follows:

- a. Protests or responses to SoCalGas' application shall be filed with the Docket Office on or before October 27, 2005.
- b. Replies to any protests or responses to the application shall be filed with the Docket Office on or before November 1, 2005.
- c. Any pleadings filed with the Docket Office shall be electronically served on the service lists in Application (A.) 01-04-007, A.02-12-027, A.04-01-034 and A.03-06-040, and a paper copy shall be served on the assigned administrative law judge.

2. A prehearing conference shall be held on Wednesday, November 2, 2005, at 10:00 a.m., at the Commission's Hearing Room, State Office Building, 505 Van Ness Avenue, San Francisco, to discuss the issues that may be raised in the protests and responses to the application, and to discuss the procedural schedule for resolving this application.

Dated October 20, 2005, at San Francisco, California.

/s/ ANGELA K. MINKIN

Angela K. Minkin, Chief
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Chief Administrative Law Judge's Ruling Regarding Request to Shorten Time and Notice of Prehearing Conference on all parties of record in this proceeding or their attorneys of record. This ruling will also be served in the following applications: A.01-04-007, A.02-12-027, A.04-01-034 and A.03-06-040.

Dated October 20, 2005, at San Francisco, California.

/s/ FANNIE SID

Fannie Sid

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.